

## Message Text

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ACTION L-03

INFO OCT-01 AF-08 ARA-06 EA-07 EUR-12 NEA-10 IO-13 ISO-00

STR-04 EB-07 SSO-00 CIAE-00 INR-07 NSAE-00 INRE-00

SS-15 NSC-05 NSCE-00 SP-02 COME-00 JUSE-00 /100 W

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R 232058Z JUL 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 4072

INFO USMISSION GENEVA

USMISSION USUN NEW YORK

C O N F I D E N T I A L CARACAS 8975

E.O. 11652: GDS

TAGS: PGOV, PFOR, UN, EFIN, ECOSOC, VE

SUBJECT: ECOSOC-U.S. PROPOSAL FOR INTERNATIONAL AGREEMENT  
ON ILLICIT PAYMENTS - VENEZUELA

REF: CARACAS 8882, CARACAS 8056, STATE 179170, STATE  
179044, GENEVA 5836

1. CHARGE MADE PRESENTATION TO GOV MINISTER OF STATE FOR  
INTERNATIONAL ECONOMIC POLICY, PEREZ GUERRERO JULY 22 ON U.S.  
PROPOSAL ON ILLICIT PAYMENTS DRAWING ON STATE 179170. AFTER  
INITIAL CAVEAT THAT HE HAS NOT FOLLOWED QUESTION CLOSELY,  
PEREZ GUERRERO SAID THAT GOV REJECTED VIEW THAT FURTHER STUDY OF  
ILLICIT PAYMENTS IS A SUBSTITUTE FOR MEANINGFUL ACTION. ON  
THE CONTRARY, USG SUGGESTION RATHER BEGGED THE QUESTION,  
SINCE IF MAJOR EFFORT WENT INTO AGREEMENT ON ILLICIT PAYMENTS,  
USG AND OTHERS WOULD TEND TO DOWNPLAY IMPORTANCE OF CODE OF  
CONDUCT FOR TRANSNATIONALS WHICH IS AT HEART OF MATTER FOR LDCS.  
THUS, IN HIS VIEW, GOV COULD NOT SUPPORT U.S. POSITION ON ILLICIT  
PAYMENTS, NOTWITHSTANDING EARLIER VIEWS EXPRESSED BY ICE OFFICIAL  
(SEE CARACAS 8056).

2. IN THE MIDDLE OF THE DISCUSSION, PEREZ GUERRERO PROBABLY GAVE  
THE REAL REASON FOR THE VENEZUELAN REVERSAL OF POSITION. HE  
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SAID THAT THE REACTIONS AND FEELINGS IN THE "LATIN GROUP" WERE SO EMPHATIC AGAINST THE U.S. PROPOSAL THAT "WHAT LITTLE INFLUENCE VENEZUELA HAD MUST REMAIN WITH THE LATIN GROUP." EVEN IF VENEZUELA SIDES WITH US, HE SAID, THE LATIN GROUP WAS NOT GOING TO BE TALKED OUT OF ITS OPPOSITION AND, "YOU ARE GOING TO LOSE ANYWAY."

3. PEREZ GUERRERO READILY AGREED THAT "IT TAKES TWO TO TANGO" AND THAT ONUS FOR ILLICIT PAYMENTS SHOULD NOT BE SOLELY ON EXPORTING (INDUSTRIAL) COUNTRY OR ENTERPRISES, BUT ON RECEIVING COUNTRIES AS WELL. NEITHER DID GOV REJECT NEED FOR CONTROL OF ILLLEGAL PAYMENTS, BUT ONLY THAT USG EFFORTS TO PUSH THIS PROPOSAL WITHIN ECOSOC WERE TRICKY ("MALICIOSOS") SINCE OUR EMPHAIS ON ILLICIT PAYMENTS WOULD, BY ITS VERY NATURE, TEND TO SIDETRACK THE CODE OF CONDUCT EXERCISE. IN FINAL POINT, PEREZ GUERRERO SAID THAT HE WOULD COORDINATE WITH OTHER INTERESTED GOV OFFICIALS ON THIS ISSUE BEFORE GIVING US FINAL OFFICIAL RESPONSE.

3. COMMENT: NOTWITHSTANDING ICE'S POSITIVE VIEWS, IT APPEARS THAT PEREZ GUERRERO (WHO WAS WELL INFORMED ON THIS ISSUE) NEEDED LITTLE HELP FROM THE "LATIN GROUP" TO SANDBAG GOV EFFORTS AT MODERATION ON ILLICIT PAYMENTS RESOLUTION. WE, THEREFORE, THINK IT UNLIKELY THAT VENEZUELA CAN BE COUNTED ON TO GIVE US SUPPORT, SINCE PEREZ GUERRERO'S VIEWS CARRY MUCH MORE WEIGHT THAN THOSE OF INSTITUTE OF INTERNATIONAL ON SUCH MATTERS.  
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